



STATE OF UTAH
NATURAL RESOURCES
Oil, Gas & Mining

Norman H. Bangerter, Governor
Dee C. Hansen, Executive Director
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March 23, 1988

Mr. George Beamer
Product Development Engineer
Interpace - Mica Plant
Highway 27
Mica, Washington 99023

Dear Mr. Beamer:

Re: Collateral Bond Option, Clinton Pit, M/049/006, Utah County,
Pleasant View Pit, M/057/003, Weber County, Utah

I understand that Interpace has had some difficulty in obtaining surety bonds for the above referenced clay pits. Collateral bonding is a second option which should be considered if a surety bond cannot be obtained. The Division will accept certificate of deposit, treasury notes, irrevocable letters of credit, and escrow agreements (please see page 3 of the enclosed surety policy).

The calculated bond amounts for the two clay pits are shown below. There are a number of options available. The bond can be posted for any period of time, but a five year bond period is usually recommended. The collateral can be posted in one lump sum or monies can be added to an escrow account over a period of several years until the necessary amount has been obtained. Interest accruing on a collateral bond can be made directly payable to Interpace or it can accrue in the account to cover future inflation.

<u>Bonding Period</u>	<u>Clinton Pit</u>	<u>Pleasant View Pit</u>
1988	\$94,200	\$ 28,400
5 year	\$ 105,500	31,300
Life of Mine	\$ 166,300	45,625

A collateral bonding and indemnity agreement can be found with the bonding forms attached to the Surety Policy.

Please review the surety policy and forms and see if some type of collateral arrangement might be feasible. Feel free to contact me or Frank Filas of my staff if you should have any questions.

Sincerely,

Lowell Braxton
Administrator
Mineral Resource Development and
Reclamation Program

re
cc: Frank Filas
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